

WALLER LANSDEN DORTCH & DAVIS

A PROFESSIONAL LIMITED LIABILITY COMPANY

NASHVILLE CITY CENTER

511 UNION STREET, SUITE 2100

POST OFFICE BOX 198966

NASHVILLE, TENNESSEE 37219-8966

(615) 244-6380

809 SOUTH MAIN STREET

P.O. Box 1035

COLUMBIA, TN 38402-1035

(931) 388-6031

FACSIMILE

(615) 244-6804

WWW.WALLERLAW.COM

D Billye Sanders

(615) 252-2451

bsanders@wallerlaw.com

May 15, 2000

Via Hand-Delivery

K. David Waddell
Executive Secretary
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37219

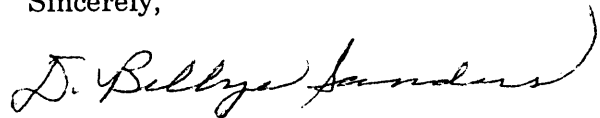
Re: Supplement to Application of Digital Access Corporation of Tennessee, Inc. for a Certificate of Public Convenience and Necessity to Provide Competing Local Telecommunications Services within the State of Tennessee and Response to Staff's Data Requests **00-00350**

Dear Mr. Waddell:

Enclosed for filing please find the original and thirteen (13) copies of the Supplement to the Application of Digital Access Corporation for a Certificate of Public Convenience and Necessity to Provide Competing Local Telecommunications Services within the State of Tennessee and Response to Staff's Data Requests. Confidential Exhibit B to the Supplement is filed under seal in this docket. We respectfully request that this information not be disclosed to the public.

If you need any additional information, please do not hesitate to contact me.

Sincerely,



D. Billye Sanders

DBS:lmb
Enclosures

cc: Samuel W. Morris, Jr., Esq.

POSTED
5-15-00

BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE

IN RE: APPLICATION OF DIGITAL ACCESS)
CORPORATION OF TENNESSEE, INC.)
FOR A CERTIFICATE OF PUBLIC)
CONVENIENCE AND NECESSITY TO) DOCKET NO. 00-00350
PROVIDE COMPETING LOCAL)
TELECOMMUNICATIONS SERVICES)
WITHIN THE STATE OF TENNESSEE)

SUPPLEMENT TO APPLICATION FOR CERTIFICATE OF PUBLIC
CONVENIENCE AND NECESSITY TO PROVIDE
COMPETING LOCAL TELECOMMUNICATIONS SERVICES

Digital Access Corporation of Tennessee, Inc. ("Digital Access") respectfully submits this Supplement to its Application for a Certificate of Convenience and Necessity in response to the data requests received from TRA staff on May 8, 2000.

Organizational Chart & Pre-Filed Testimony

A copy of the organizational chart for the Digital Access entities is attached as Exhibit 1 to the Pre-Filed Testimony of Samuel W. Morris, Jr., Senior Vice President and General Counsel of Digital Access. This testimony is attached to this Supplement as Exhibit A.

Technical Qualifications

Digital Access proposes to locate its switch in Nashville.

Financial Qualifications

1. Due to the recent formation of Digital Access, LLC in March, 2000, no audited financial statements are available. See Confidential Exhibit C to the original Application which contains the Certification of Committed Capital that states venture capital investors have committed up to \$451 million to fund the development of the Digital Access network. A copy of the financial statements for Digital Access, Inc., the original Digital Access entity, also were submitted as Confidential Exhibit C to the Application. Digital Access will provide copies of the financial statements of the LLC as soon as they are available

2. Three year pro formas for Digital Access are included in Confidential Exhibit B, filed under seal.

3. The capital costs budgets for Digital Access for three years will be filed separately as soon as they are available.

4. Digital Access did not include any reciprocal compensation for terminating ISP traffic in its financial projections.

5. Digital Access intends to fully comply with all applicable statutes and regulations, including T.C.A. § 65-4-125. Digital Access will provide a corporate surety bond or irrevocable letter of credit in the amount of \$20,000 prior to September 1, 2000.

IntraLATA Toll Dialing Parity Plan

1. The proposed implementation date will be immediately upon the commencement of services, after obtaining TRA approval.

2. Customer education procedures include training of employees concerning the toll dialing parity plan, notification to new customers of the plan requirements, and provision to new customers of a randomly ordered list of carriers. In addition, within the first month after service is initiated, customers will receive a second notification from Digital Access concerning their ability to choose a carrier.

3. The PIC change charge will be \$5.00.

4. Digital Access will provide nondiscriminatory access to telephone numbers, operator services, directory and directory listings.

Numbering Issues

1. Digital Access anticipates serving between 60-90,000 residents in the Middle Tennessee region over the next five years. Due to number portability, Digital Access presumes that up to 95% of these customers will continue to use their current NXX. Thus, the expected demand for NXXs per NPA within a year of approval of the Application for a CCN is quite small, with only one NXX likely to be required in the first year.

2. Digital Access anticipates that it may request up to three (3) NXXs from NANPA once the footprint is established. This number is subject to change, depending on whether or not problems appear with number portability, and depending on customer response.

3. Digital Access will establish its service footprint in Nashville.

4. The company will sequentially assign telephone numbers within NXXs.

5. Digital Access will attempt to conserve limited numbering resources by utilizing existing telephone numbers through number portability, and by reserving only those numbers that it determines necessary based upon its estimated customer base.

6. The percentage of fill in an existing NXX that Digital Access will use as an indication that new NXXs are needed for growth is yet to be determined and will be based upon the rate of growth and use of existing and new telephone numbers.

Tennessee Specific Operational Issues

1. As stated in the Application, Digital Access will comply with all applicable rules and statutes. Therefore, Digital Access will comply with T.C.A. § 65-21-114 by providing toll-free telephone service for all calls made between two points in the same county. The company will charge a flat rate for all calls originating and terminating within the same county.

2. Digital Access is aware of the Tennessee County Wide Calling database maintained by BellSouth and will make sure that its telephone numbers are entered on this database. Digital Access has made initial contact with BellSouth and understands the procedures for entering its numbers on this database.

3. Digital Access does not seek to provide any service around Memphis, Knoxville and Chattanooga at this time. Digital does intend to provide metro area toll-free calling ("MAC") around Nashville. After speaking with representatives at

BellSouth, Digital Access was informed that there is no separate database for MAC calling.

4. The employee at Digital Access who will be responsible for handling customer complaints and working with the TRA on such complaints is Thomas Gailey, Vice President for Corporate Affairs. Mr. Gailey can be reached at (610) 949-7571.

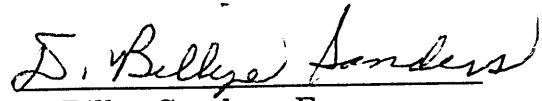
5. Digital Access intends to use both door to door and telemarketing strategies. Digital Access is aware of the telemarketing statutes and regulations, including the recently enacted Senate Bill 2904 / House Bill 2610, which concerned the newly established do not call list. Digital Access will comply with these statutes and regulations.

Miscellaneous

At this time, Digital Access does not anticipate that it will require customer deposits.

Digital Access has hired several new individuals, whose experience and background increase the managerial and technical expertise of the applicant. Attached are additional biographies as Exhibit C.

Respectfully submitted this 15th day of May, 2000.

A handwritten signature in cursive script that reads "D. Billye Sanders". The signature is written in dark ink and is positioned above the printed contact information.

D. Billye Sanders, Esq.
Waller Lansden Dortch & Davis
A Professional Limited Liability Company
511 Union Street, Suite 2100
Nashville, TN 37219
(615) 244-6380

Counsel for Digital Access
Corporation of Tennessee, Inc.

EXHIBIT A

Pre-Filed Testimony of Samuel W. Morris, Jr.

**BEFORE THE
TENNESSEE REGULATORY AUTHORITY**

NASHVILLE, TENNESSEE

IN RE: APPLICATION OF DIGITAL ACCESS)	
CORPORATION OF TENNESSEE, INC.)	
FOR A CERTIFICATE OF PUBLIC)	
CONVENIENCE AND NECESSITY TO)	DOCKET NO. <u>00-00350</u>
PROVIDE COMPETING LOCAL)	
TELECOMMUNICATIONS SERVICES)	
WITHIN THE STATE OF TENNESSEE)	

PRE-FILED TESTIMONY OF SAMUEL W. MORRIS, JR.

I, Samuel W. Morris, Jr. do hereby testify as follows in support of the application of Digital Access Corporation of Tennessee, Inc. ("Digital Access") for a certificate of convenience and necessity as a competing telecommunications provider to provide telecommunications services within the State of Tennessee.

Q: PLEASE STATE YOUR FULL NAME, BUSINESS ADDRESS AND TITLE.

A: My name is Samuel W. Morris, Jr. and my business address is Three Bala Plaza East, Suite 605, Bala Cynwyd, PA 19004. I am the Senior Vice President and General Counsel of Digital Access.

Q: PLEASE DESCRIBE YOUR CURRENT DUTIES AND RESPONSIBILITIES FOR DIGITAL ACCESS.

A: I am overseeing the external affairs of Digital Access, including all legal and public relations affairs, franchising issues, and the pending applications for

regulatory approvals. In this capacity I also have been supervising the activities of the affiliates of Digital Access Corporation of Tennessee in Missouri, Kansas, Indiana and Wisconsin.

Q: PLEASE DESCRIBE THE CURRENT CORPORATE STRUCTURE OF DIGITAL ACCESS.

A: Digital Access, LLC ("the LLC") is the parent company of Digital Access Corporation of Tennessee, Inc. The LLC is also the parent company of five other subsidiaries: 1) Digital Access, Inc.; 2) Digital Access Corporation of Kansas, Inc.; 3) Digital Access Corporation of Missouri, Inc.; and 4) Digital Access Corporation of Wisconsin, Inc. Digital Access, Inc. was the original Digital Access entity, formed in August, 1999. A copy of an organizational chart, also filed in the Supplement to the Application, is attached to this testimony.

Q. PLEASE DESCRIBE DIGITAL ACCESS' MANAGERIAL AND TECHNICAL QUALIFICATIONS.

A: Digital Access possesses the managerial and technical qualifications to provide telecommunications services in Tennessee. As described in the biographical information accompanying its application and the supplement, Digital Access' management team has extensive management and business experience in the telecommunications and cable industries. Before joining Digital Access, I worked for Suburban Cable, the ninth largest cable provider in the country, where I served as Senior Vice President and General Counsel.

Digital Access has several individuals with telecommunications experience. The Chief Executive Officer, Joseph Cece, supervised the start-up and operations of

Cablevision Lightpath, Inc., a competing local exchange provider in the New York metropolitan region. Mr. Cece helped grow the business of this CLEC from \$1 to \$60 million over a period of several years.

Ms. Josephine Young, Digital Access' Chief Information Officer, comes from Nextlink, where she was responsible for the company's information technology initiatives. Ms. Young worked for Nextlink for over four (4) years, and played an integral role in the tremendous growth of Nextlink.

Digital Access has chosen Thomas McGuire, Jr. to serve as Controller. Prior to joining Digital Access, Mr. McGuire served as the Finance Director for Comcast Metrophone, a cellular and wireless service provider, with over 900,000 customers in three states.

Additional CLEC experience is found in Stephen Minshew, who is the Vice President of Information and Technology for Digital Access. Mr. Minshew previously served as Vice President of Information Systems for OnePoint Communications, a CLEC operating in 13 states. Mr. Minshew was responsible for all computer and telephony infrastructure development at OnePoint, and holds a Masters in Electrical Engineering, an MBA, and has completed all requirements but his dissertation towards a Ph.D. in solid-state device physics.

Q: PLEASE DESCRIBE DIGITAL ACCESS' FINANCIAL QUALIFICATIONS.

A: Digital Access has access to the extensive resources of its parent, the LLC, and sister company, Digital Access, Inc. Digital Access has filed under seal a Certification of Committed Capital from the Acting Chief Financial Officer of the

LLC which reflects the agreements between the LLC and venture capital investors. Pursuant to these agreements, the venture capital investors have committed to provide up to \$451 million, on an as needed basis, to fund the development and buildout of the Digital Access network. The LLC anticipates that it will raise an additional \$850 million over the next several months to complete the buildout of its network in all five states (Tennessee, Kansas, Wisconsin, Indiana and Missouri); Digital Access will have access to these additional resources. Digital Access has provided under seal, copies of the audited financial statements of Digital Access, Inc., which was the original Digital Access entity. Through these resources, Digital Access has sufficient resources to build, operate and maintain its proposed system in Tennessee.

Q: WHAT SERVICES WILL DIGITAL ACCESS OFFER?

A: Digital Access seeks authority to provide a full-range of facilities-based local exchange services, and interexchange services on a resold basis. In addition to regulated phone service, Digital Access intends to offer unregulated services such as internet access and cable television. Digital Access will offer these services both on a la carte and as a package. Customers will see significant savings by purchasing these services in a bundled offering. Digital Access will primarily serve residential customers, not businesses, in Middle Tennessee. Other telecom services will include, but not be limited to, EAS, toll restrictions, operator services and custom calling services. We will offer caller ID and emergency services such as 911 and E911. Upon approval of this application, Digital Access will file its initial tariff

with TRA setting forth the rates, charges and regulations for its services prior to commencement of such services.

Q: WILL GRANTING OF A CERTIFICATE OF CONVENIENCE AND NECESSITY TO DIGITAL ACCESS SERVE THE PUBLIC INTEREST?

A: Yes. Approval of Digital Access' application for a certificate of public convenience and necessity will benefit the public by increasing competition and customer choice for users of local exchange and interexchange services. This increased competition will in turn result in both better service and quality for residential customers in Tennessee who are currently not served by many other CLECs. Digital Access plans to operate in Tennessee as a local company, creating up to 300 jobs in the Middle Tennessee region. The infrastructure and equipment deployed by Digital Access will also in turn bring residents high-tech, high quality telephone, Internet and cable services. Because Digital Access is building an all new plant, state-of-the-art technology will be used.

Q: HAS DIGITAL ACCESS FILED A SMALL AND MINORITY-OWNED BUSINESS PARTICIPATION PLAN?

A: Yes. Mark Fisher, whom I supervise in his capacity as Assistant General Counsel, is the Administrator of the plan.

Q: HAS DIGITAL ACCESS FILED A TOLL DIALING PARITY PLAN?

A: Yes.

Q: WILL DIGITAL ACCESS OFFER TELECOMMUNICATIONS SERVICES IN AREAS SERVED BY INCUMBENT LOCAL EXCHANGE CARRIERS WITH LESS THAN 100,000 ACCESS LINES?

A: Unless otherwise authorized by state or federal law, Digital Access does not plan to offer local exchange telecommunications services in areas served by any incumbent local exchange telephone company with fewer than 100,000 total access lines. Digital Access initially intends to serve the Middle Tennessee region.

Q: IS DIGITAL ACCESS AUTHORIZED TO PROVIDE TELECOMMUNICATIONS SERVICES IN ANY OTHER STATE?

A: Not at this time. However, Digital Access has applications for authority to provide such services pending in Kansas, Indiana, Missouri and Wisconsin.

Q: DO YOU HAVE CURRENT OPERATIONS IN TENNESSEE?

A: No. A local customer service representative will be named before Digital Access begins operations in Tennessee. Prior to offering service in Tennessee, Digital Access will establish a local number for customers to call which will be included on the customers' monthly bills. Prior to the start-up of services, Thomas Gailey, who can be reached at Digital Access headquarters, has been selected to handle all customer service issues for Tennessee.

Q: HAS DIGITAL ACCESS BEEN INVOLVED IN ANY PERTINENT MERGERS OR ACQUISITIONS?

A: No.

Q: HAS DIGITAL ACCESS INCLUDED ANY RECIPROCAL COMPENSATION RELATED TO TERMINATING ISP TRAFFIC IN ITS FINANCIAL PROJECTIONS?

A: No.

Q: WILL DIGITAL ACCESS COMPLY WITH ALL APPLICABLE STATUTES, RULES AND ORDERS PERTAINING TO THE PROVISION OF TELECOMMUNICATIONS SERVICES IN TENNESSEE?

A: Yes.

Q: ARE ALL STATEMENTS IN DIGITAL ACCESS' APPLICATION FOR A CERTIFICATE OF CONVENIENCE AND NECESSITY FILED BEFORE THE TENNESSEE REGULATORY AUTHORITY TRUE AND CORRECT TO THE BEST OF YOUR KNOWLEDGE, INFORMATION AND BELIEF?

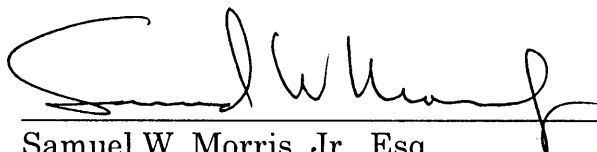
A: Yes.

Q: DOES THIS CONCLUDE YOUR TESTIMONY?

A: Yes.

VERIFICATION

I, Samuel W. Morris, Jr., declare under penalty of perjury that I am authorized by Digital Access Corporation of Tennessee, Inc. to testify on its behalf, that I have caused the foregoing written testimony to be prepared on my behalf, that I have read the foregoing testimony and that the statements contained therein are true and correct to the best of my knowledge, information and belief.



Samuel W. Morris, Jr., Esq.
Senior Vice President and General
Counsel
Digital Access Corporation of
Tennessee, Inc.

STATE OF Pennsylvania)
COUNTY OF Montgomery)

Sworn to and subscribed before me this 12th day of May, 2000.



Notary Public

My Commission Expires: June 19, 2000

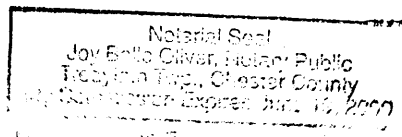


EXHIBIT 1

Organizational Chart

Corporate Structure of Digital Access

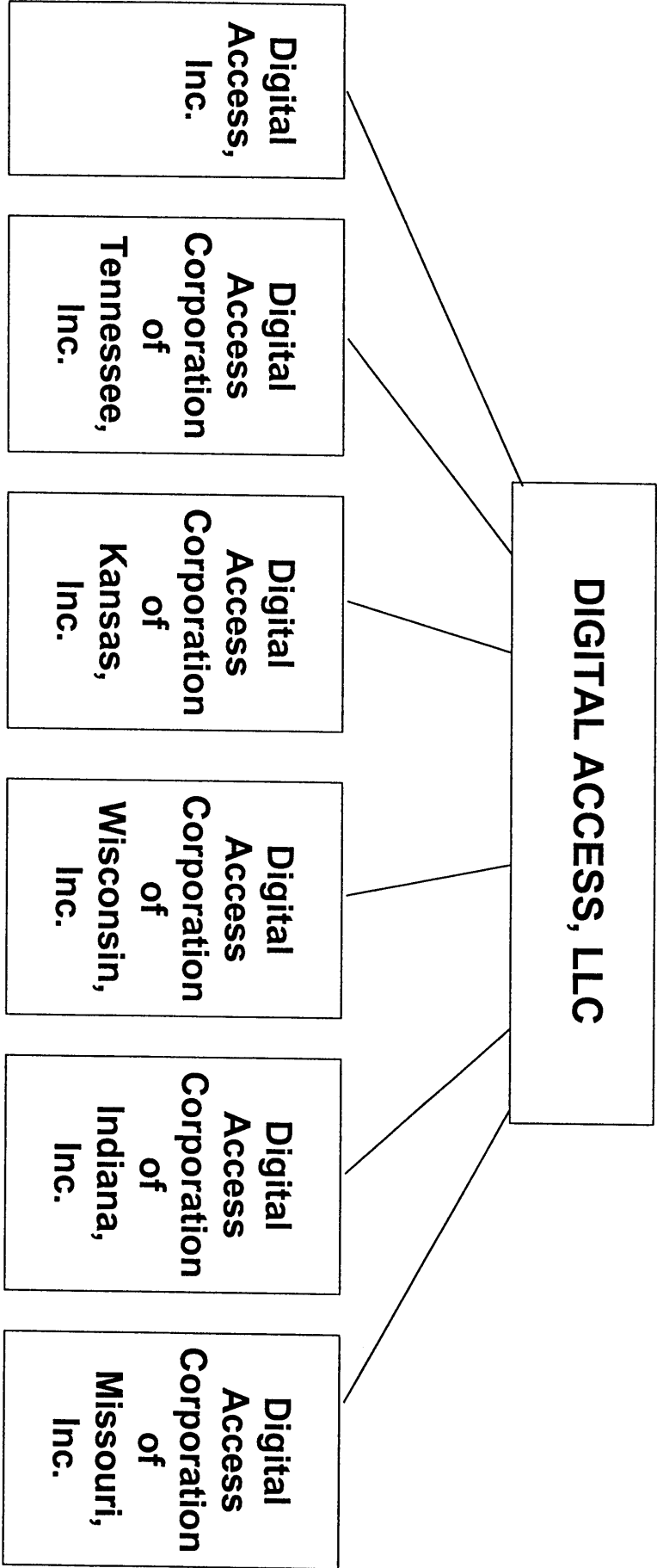


EXHIBIT B

Pro Formas

[CONFIDENTIAL]

EXHIBIT C

Supplement to Managerial and Technical Qualifications

SUPPLEMENT TO MANAGEMENT BIOGRAPHIES

The following individuals have just been named as employees of Digital Access Corporation of Tennessee, Inc., and therefore were not included in the earlier Application.

Thomas A. Gailey, Jr., Vice President of Corporate Affairs

Mr. Gailey will serve as Vice President of Corporate Affairs for Digital Access. In this role, he will direct the company's external communications and assist with franchising and government affairs.

Prior to joining Digital Access, Mr. Gailey was Vice President of Communications for Suburban Cable, a multiple cable system operator serving 1.2 million customers in Pennsylvania, New Jersey and Delaware. Mr. Gailey directed Suburban Cable's internal and external communications and government affairs. HE was with Suburban Cable from 1993 through 2000.

Mr. Gailey was public information officer for Upper Merion Township, Pennsylvania before joining Suburban Cable. He was responsible for the municipality's cable television matters, including franchising and operation of a government access channel. In addition, he directed the community's external affairs. He as with Upper Merion from 1988 to 1993.

Prior to joining Upper Merion, Mr. Gailey was a general assignment reporter with the *Norristown Times Herald*, a daily newspaper in suburban Philadelphia, from 1984 to 1988.

Mr. Gailey has an MBA in Marketing from Temple University and a BA in Journalist from Pennsylvania State University.

Josephine Young, Chief Information Officer

Josephine Young is the Chief Information Officer at Digital Access and is responsible for overseeing all of the company's information technology (IT) initiatives.

Ms. Young joined Digital Access from Nextlink, where she held the post of Vice President –IT Applications, Development and Integration. Ms. Young had been instrumental in managing the growth of Nextlink, a leading CLEC, from its inception to the deployment of 2nd generation OSS.

Ms. Young holds a BAA from George Washington University, *summa cum laude*, an MBA from Wichita State University's Barton School of Business, *summa cum laude*,

and has completed her course work and exams in Decision & Information System of Arizona State University College of Business.

Thomas C. McGuire, Jr., Controller

Mr. McGuire serves as Controller for Digital Access. Prior to joining Digital Access, he served for three years as the Finance Director for Comcast Metrophone, a cellular and wireless service provider to 900,000 customers in three states. In that capacity, Mr. McGuire was responsible for financial management of the entire Retail Sales Division. Mr. McGuire was also responsible for all financial accounting, and prepared audits, expense and capital budgets, pro formas and strategic planning for Comcast Metrophone.

Prior to his experience with Comcast, Mr. McGuire served as the Director of Financial and Administration for Cohen, Shapiro, Polisher, Shiekman and Cohen, a full service law firm in Philadelphia. Mr. McGuire worked for this firm for over eight years.

Mr. McGuire received both his BS and MBA from La Salle University.